Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

SEPTEMBER
1955

7For
p, 2

Foreign Agriculture

ITALIAN FARMER AND HIS VILLAGE (SEE ARTICLE ON PAGE 175)

LIBRARY
RECEIVED
OCT 17 1955
U. S. DEPARTMENT OF AGRICULTURE
BELTSVILLE BRANCH

FOREIGN AGRICULTURAL SERVICE, U. S. DEPARTMENT OF AGRICULTURE

Foreign Agriculture

Vol. XIX • *SEPTEMBER 1955* • *No. 9*

IN THIS ISSUE

	Page
Italy as a Market for U. S. Farm Products	175
U. S. Breeding Stock Moves to Foreign Pastures	177
Japan Joints GATT	179
14th Plenary Meeting of ICAC	180
New FAS Release on World Agriculture	181
U. S. Ghee: A New Product for a New Market	182
Germany Passes Parity Law for Agriculture	184
Mexico Grows More Cotton and Wheat With Expanded Irrigation	185

FRONT COVER

Italian Farmer and His Village

This plowman of Umbria in central Italy turns his furrows in the age-old way. But times are changing. Already the tractor is driving out the ox in many areas of Italy. And increased mechanization and improved cultivation methods are important parts of Italy's long-range agricultural policy.

BACK COVER

Expanding Irrigation in Mexico

The pattern of agriculture in Mexico is changing as irrigation is expanded. Desert land is becoming cropland. And as crop production rises, the pattern of foreign trade is changing too. Mexico is selling more cotton in competition with the United States; and it is buying less wheat from us.

NEWS NOTE

Secretary Benson Talks on U. S. International Agricultural Trade Policy

Secretary of Agriculture Ezra Taft Benson enunciated major points of United States world agricultural trade policy in important addresses in Paris and Rome early in September. He said that "we will not engage in any cutthroat race for markets" or "break or unduly disrupt world markets." He said, however, that three principles of international trade need "to be shouted from the housetops:" (1) competing fairly on the world market; (2) being competitive in quality, and (3) participating in a mutually profitable international trade that gives our customers abroad the continu[illegible]ortunity to earn the foreign exchange they need to buy our products."

Credit for photos is given as follows: p. 175, W. G. Ogg; p. 177, American Brahman Breeders Association; pp. 182 and 183, Eric B. Shearer; p. 188, Dr. Edwin J. Wellhausen, Rockefeller Foundation.

FOREIGN AGRICULTURE ALICE FRAY NELSON, EDITOR

A monthly publication of the Foreign Agricultural Service of the United States Department of Agriculture, Washington, D. C. The matter contained herein is published by direction of the Secretary of Agriculture as administrative information required for proper transaction of the public business. The printing of this publication has been approved by the Direct of the Bureau of the Budget (October 28, 1953). Copies may be obtained from the Superintendent of Documents, Gover. ment Printing Office, Washington 25, D. C.. at 15 cents per copy, or by subscription at the rate of $1.50 per year. domestic; $2.00 per year, foreign. Postage stamps will not be accepted in payment.

Italy As a Market For U. S. Farm Products

By ELFRIEDE KRAUSE

Italy is an important market for U. S. agricultural products, but a shrinking one. It was our fifth largest customer in 1950, but our eighth in 1953 and 1954. Cotton, our main farm export to Italy, made up three-fifths of the total in 1950-54. Wheat, second on the list, made up about one-fifth.

The decline in our farm exports to Italy is due largely to Italian restrictions on dollar imports. Such restrictions existed throughout the postwar era, but had little effect on our exports to Italy while imports were being paid for chiefly out of U. S. aid funds. Italy's dollar reserves have improved considerably during the past 2 years, but Italy shows little inclination to relax dollar restrictions. No doubt it fears the effect not only on its dollar reserves but also on its bilateral trade agreements with other countries.

General Economic Setting

In Italy, agriculture takes a much more important place in the economy than it does in such countries as the United Kingdom, Western Germany, or the United States, even though industrialization has developed further in Italy than in any other country in the Mediterranean area. Italy's economic development has been greatly retarded by its [illegible] in natural resources and capital. Its agriculture is handicapped by erratic rainfall in a large part of the country, and by the fact that almost four-fifths of the area is mountainous or hilly. And, with the exception of its food industry, most of Italy's industries are handicapped by heavy dependence on imported raw materials.

In the immediate postwar period, Italy had to concentrate its efforts on recovery from the heavy losses suffered during the war and on the stabilization of the currency. These ends were practically achieved by 1949. Since then the Italian Government has been able to place more emphasis on measures to overcome the structural weaknesses of the economy. The main problems to be solved are unemployment (and underemployment), the tremendous lag in economic development in the southern, as compared with the northern, part of the country, the generally low standard of living, and the chronic balance of payments deficit.

The key to the solution of all these problems is increased production, and Italy has made remarkable progress in this respect. By Italian computations, with 1938 as a base, the index of agricultural production reached 120 in 1953 (though it slipped to 112.5 in 1954), and the index of industrial production reached 165 in 1953 and 180 in

Peasants harvesting corn in Calabria. This part of Italy, with its low farm yields, will benefit from the Southern Development Fund's 12-year program.

Mrs. Krause is Agricultural Economist, European Analysis Branch, FAS.

1954. In 1951-54 the Italian gross national product increased an average of about 5 percent a year.

Italy's overall balance of payments showed a net surplus of $55 million in 1954, though without U. S. aid—including offshore procurement—there would have been a deficit of about $140 million. Italian dollar and gold reserves reached a record level of $846 million in 1954. They would have been still higher but for the drain on them resulting from the large deficit with the European Payments Union (EPU) area.

Several important programs now under way should further increase productivity and raise the standard of living. These include the land reform program, which provides for the expropriation and redistribution of some 1.7 million acres of land, and the program of the Southern Development Fund, which provides for the expenditure of about $2 billion in 12 years for industrial and agricultural development in southern Italy.

The proposed 10-year economic development plan for Italy, generally referred to as the Vanoni Plan, sets up a target program designed to be of sufficient scope to overcome the problem of unemployment within a period of 10 years. This plan calls for a considerably larger production increase in the south than in the north. Large increases in both public and private investment would be necessary to carry out the plan as set up; whether or not it can be carried out on such an ambitious scale will depend on many factors, including the obtaining of sufficient assistance from outside the country. Italy has recently obtained loans of $70 million from the International Bank for Reconstruction and Development and $20 million from the Export-Import Bank. A considerable part of the proceeds from the recent sale of U. S. surplus agricultural products under Title I of Public Law 480 will also be used as a loan for economic development. All these development projects should ultimately increase the Italian people's buying power for both domestic and imported goods.

Agricultural Policy

The main prop of Italy's agricultural policy is, as it has been for many decades, the support of wheat production. Italy has retreated somewhat from the policy of maximum wheat production at any cost, which prevailed during the Fascist era and also in the period during and immediately after World War II when the primary problem was one of food shortages. Nevertheless, many of the measures taken during the 30's are still in effect. Domestic wheat prices are supported at levels well above those prevailing on the world market. The government buys part of the crop at fixed prices and makes all imports of wheat, with the Federation of Agricultural Cooperatives acting as its agent. In some years, an additional portion of the crop is pooled voluntarily as a means of price support, and the Federation also makes purchases on the free market when price support seems necessary. The government also fixes or supports prices of a number of other agricultural commodities; and there is a monopoly for tobacco.

Agricultural advisory services have been considerably expanded in recent years, with the assistance of U. S. aid programs. Other special programs, partly assisted by U. S. aid, include subsidies to reduce the price of selected seed, prices to encourage increased yields, selective breeding of livestock under government supervision, and fruit marketing studies. Numerous reclamation projects completed or under construction, the government's land reform program, and the development projects carried out in connection with it are also increasing production considerably in the areas affected.

The Vanoni Plan calls for efforts to increase agricultural productivity—with no increase in the number of people employed in agriculture—by expanded investments in irrigation, mechanization, and improvement in methods of cultivating and distributing farm produce. Greatest increases in productivity are planned for livestock, fruit, and vegetables, the latter two especially for export. The Vanoni Plan is still largely in the discussion stage. But its program for agriculture reflects the thinking of Italian authorities on the lines agricultural policy should take in the next decade.

Trade Restrictions

High tariffs to protect high-cost agricultural production of staple commodities from the impact of foreign competition were for many years an important instrument of Italian agricultural trade policy. In 1950 the Italian Parliament passed a new tariff schedule providing high ad valorem rates for most products, and replacing the old specific duty schedule, which had become purely nominal after the sharp devaluation of the lira during the war. This new schedule serves primarily as a

(Continued on page 188)

American Brahman yearling bulls lined up in a Florida corral, ready and waiting for shipment to a foreign country.

U. S. Breeding Stock Moves to Foreign Pastures

By C. S. STEPHANIDES

United States livestock breeders are selling more and more breeding stock to foreign countries; last year the United States exported 17,400 cattle for breeding—the largest number since the peak year 1946—and 11,600 breeding sheep and lambs. Each United States animal that arrives in a foreign port carries with it the reputation of our livestock industry. And so the proper selection, careful handling, and successful transportation of breeding stock is a major job well worth our best efforts.

For centuries livestock has been on the move within continents and between them. Cattle have traditionally formed part of the spoils of war. According to early Greek historians, Alexander the Great carried off cattle from India after his campaign there. These cattle were sent to the Greek colonies that settled in Italy and later moved north into the Alps. And it may be that today's Brown Swiss cattle are remote descendants of those that Alexander captured. Their docile temperament, large dewlaps, prominent humps, large ears, and hardiness are all points of resemblance with the Indian cattle of today.

But few historical movements of livestock could compare in importance with the continent-to-continent shipments of the past 10 years. First came the large shipments that private, national, and international agencies made to help rebuild the livestock population of devastated Europe. From this tremendous undertaking we learned much about ways to move livestock efficiently. Then came the first years of shipments under technical cooperation programs. These taught us a great deal about such things as the type of advance planning that is necessary, the records that should be kept, and the problems raised by long-distance hauls, as well as weather and special considerations for each area.

The lessons that these years of experience have taught are doing good service now and can do even more in the future; for a third type of great intercontinental movement is well under way and gaining speed. More than 39 countries are importing United States breeding stock to improve and increase their native stock. Some of these livestock improvement programs are extensive in scope,

---

Dr. Stephanides is Agricultural Economist, Livestock and Meat Products Division, FAS.

United States exports of cattle for breeding

Country of destination	*1946*	*1947*	*1948*	*1949*	*1950*	*1951*	*1952*	*1953*	*1954*
Canada	238	320	437	465	495	852	642	885	1,055
Mexico	9,739	799	1,509	1,088	1,109	856	2,072	3,874	1,521
Costa Rica	149	78	20	100	61	20	240	50	375
Cuba	41	260	452	325	314	280	1,302	618	1,018
Dominican Republic	22	187	414	44	15	52	117	452	498
Colombia	537	355	359	87	253	311	431	974	4,581
Venezuela	766	2,405	1,920	480	323	327	1,427	2,719	4,749
Ecuador	239	24	127	107	133	204	88	74	239
Germany	1,193	—	—	326	—	—	—	—	450
Czechoslovakia	3,465	—	—	—	—	—	—	—	—
Poland	14,620	40	—	—	—	—	—	—	—
Italy	196	233	789	19	—	3	2	6	4
Yugoslavia	3,335	—	—	—	—	—	—	—	—
Greece	3,461	733	30	6	—	18	—	—	—
Israel	—	—	—	691	3,047	2,868	—	20	752
China	729	1,516	—	—	—	—	—	—	—
Argentina	—	—	—	—	—	—	—	—	263
Bahamas	—	—	—	—	—	—	—	—	244
Brazil	—	—	—	—	—	—	—	—	449
Guatemala	—	—	—	—	—	—	—	—	338
All other	617	1,727	692	372	482	613	910	1,031	872
Total	39.347	8,677	6,749	4,110	6,232	6,404	7,231	10,703	17,408

and each is a sign of improved living conditions in a developing economy. Strong government support of the programs, especially in Latin America, indicates their importance to the countries concerned.

In Colombia, the government has authorized the Colombian Bank (Casa de Crédito Agrario Industrial y Minero) to make loans to individuals, firms, or organizations for the purchase of domestic purebred bulls or imported livestock of all types. To encourage the importation of purebred animals, the government has allowed a special tax exemption and increased the maximum loan to individuals from $4,000 to $10,000.

A ferry boat loaded with U. S. Brown Swiss cattle for Iran's livestock improvement program swings out across the Bosphorus toward Asia.

In Honduras, cattle breeders may now borrow from the Honduras Development Bank up to 80 percent of the value of the breeding stock they import. Also, the government is considering the establishment of feed manufacturing centers and of marketing facilities for livestock products.

In Bolivia, the Servicio Agrícola Interamericano and the Bolivian Development Corporation have agreed on the establishment of a 1,000-acre cattle-improvement project at Reyes. Santa Gertrudis cattle from the United States will be introduced for experimental crossing with domestic types.

In Mexico, 3,874 head of registered stock were imported from the United States in 1953 to improve the local beef cattle. Mexico has also been expanding and improving its dairy stock by means of increased imports from Canada, where prices are favorable. In the next few years, Mexico must further increase its imports of dairy cattle in order to meet the ever-growing need of its people for fluid milk.

In Venezuela, the government has set up a revolving fund to finance its annual purchases of 5,000 head of registered Brahman cattle from the United States. These cattle will be resold to Venezuelan farmers at cost.

(Continued on page 185)

Japan Joins GATT

Tariff concessions negotiated last spring between the United States and Japan at the Geneva Conference of the General Agreement on Tariffs and Trade (GATT) will become effective on September 10, when Japan officially becomes a contracting party to GATT. Japan's accession was decided on August 11 by vote of present contracting parties.

Japan is one of the world's major trading nations. During each of the past three years it has been the leading foreign buyer of United States farm products and at the same time has ranked among the top four markets for United States exports of all commodities. Thus considerable importance has been attached to the development of a sound economy in Japan and to the continued alinement of Japan with the free world. Expansion of Japan's foreign trade opportunities, so vital to this crowded island economy, is seen as contributing to these ends.

Most of the concessions made to Japan at the Geneva conference were granted in direct bilateral negotiations between Japan and each of the 17 countries that participated in the conference. However, certain additional concessions were granted to Japan by 6 of these countries in return for concessions given to them by the United States; and Japan then granted compensatory concessions to the United States.

Japanese imports from the United States (including Alaska, Hawaii, and Puerto Rico) of those commodities on which concessions were granted to the United States were valued at $397 million in 1953. The United States, meanwhile, granted concessions on commodities of which imports from all countries amounted to $179 million, with Japan supplying about 75 percent.

Agricultural commodities on which Japan granted concessions were valued in that country's imports from the United States at $207 million in 1953. On some dutiable items (principally fruit and vegetable products) Japan reduced the duties. On other dutiable items the Japanese agreed to bind the existing statutory rates against further increases; most important in this group are soybeans, tallow, and unmilled corn for feeding purposes. The final group consists of items for which Japan granted duty-free bindings; raw cotton is most important here in terms of trade value.

The United States granted concessions on agricultural commodities valued in trade at $33 million from all countries ($28 million from Japan). On some items, principally fruit and vegetable products, monosodium glutamate, and frog legs, it

Japanese imports in 1953 of U. S. agricultural products on which tariff concessions were granted in 1955, by type of concession

[In thousands of dollars]

Commodity group	*Reduction of duties on dutiable items*	*Binding of duties on dutiable items*	*Binding of duty-free items*	*Total*
Milk	599	1,467	—	2,066
Fruits	1,989	—	—	1,989
Vegetables	1,574	—	—	1,574
Fats and oils	422	65,053	—	65,475
Cotton	—	—	122,009	122,009
Grains	—	11,549	62	11,611
Other	91	2,150	51	2,292
Total	4,675	80,219	122,122	207,016

United States imports in 1953 of agricultural products on which tariff concessions were granted in 1955, total and from Japan, by type of concession

[In thousands of dollars]

Commodity group	*Reduction of duties on dutiable items*		*Binding of duties on dutiable items*		*Total*	
	Total imports[1]	*Imports from Japan*	*Total imports*[1]	*Imports from Japan*	*Total imports*[1]	*Imports from Japan*
Fruits, vegetables, and horticultural products	3,984	2,335	—	—	3,984	2,335
Other agricultural products	2,254	1,471	31	31	2,285	1,502
Forest products	320	318	—	—	320	318
Raw-silk products	—	—	26,103	23,521	26,103	23,521
Total	6,558	4,124	26,134	23,552	32,692	27,676

[1] Total imports are shown, in addition to imports from Japan, since tariff concessions made by the United States apply to imports from all countries. Concessions are not extended to Communist-dominated countries, and any imports from such countries are not included in the above data.

granted reductions in duty. On the rest, consisting almost exclusively of raw silk products, it granted duty-free bindings.

Japan's imports from the United States have been far greater than its exports to the United States. And this same pattern of trade imbalance has characterized Japan's relations with most of its trading partners in the postwar period. Its net trade deficit exceeded $1 billion in 1953. Because of continuing unfavorable trade balances, the Japanese Government has imposed exchange controls whereby imports of specific commodities are limited by the amount of foreign exchange allocated. As long as such controls remain necessary, the Japanese import market will continue to be somewhat restricted. But as the Japanese domestic economy gains strength, and gradual removal of exchange restrictions becomes possible, the benefit of the concessions granted by Japan will come to be realized in increasing degree.

14th Plenary Meeting of ICAC

This year it was a cotton-importing country's turn to be host to the annual plenary meeting of the International Cotton Advisory Committee (ICAC). From June 20-25, delegates from 30 of the 32 member countries met in Paris for the 14th meeting to review the world cotton situation.

The Committee adopted 15 resolutions. The first 6 were devoted to financial and administrative matters; the seventh, to publications; the eighth and ninth, to the collection of statistics.

The 10th resolution pointed out the importance of harsh short staple cotton to consuming countries, noting that there is some shortage in availabilities, and suggested that countries exporting this kind of cotton look into the desirability of increasing production and export availabilities.

Both the 11th and 12th emphasized the importance of laboratory research in keeping cotton competitive in the world's textile markets.

The 13th asked the Standing Committee "to ascertain the policies of Governments as they affect the consumption of cotton and competing fibers" and to submit a report on the subject to the 15th plenary meeting, which will be held in Washington in May 1956.

The last two resolutions were votes of appreciation to former officers of the Committee: The 14th, to Arthur W. Palmer, former general secretary; the 15th, to Paolo N. Rogers, former vice-chairman.

After several sessions of discussing the present world cotton situation and the effect that the actions of governments have had upon it, the Committee approved a formal statement on the situation: "Noting that—

in spite of the relatively high level of consumption during the last four seasons, production has exceeded cotton consumption by a substantial amount with the result that large increases have occurred in world carryover stocks, such increases being concentrated in the United States,

the acreage planted to cotton has been substantially reduced by government action in the United States and has been limited to a certain extent by government action in Egypt,

elsewhere, cotton production is increasing generally, particularly in many underdeveloped areas, and this trend is being encouraged by irrigation projects and other means,

progress being realized in cotton breeding, fertilization and cultural practices already has made possible large increases in the yield of cotton and gives promise of further continuing increases in the future,

some of the most densely populated areas of the world have a very low per capita consumption of cotton textiles due mainly to a low per capita income,

income from cotton constitutes a very substantial part of the national income of many cotton producing countries and is highly important to the national welfare of those countries and to their economic development, which would lead to an eventual increase in their cotton consumption,

world consumption of cotton has increased very substantially in the last 15 years but world trade in cotton and cotton textiles has failed to expand due to the substantial increase in production of raw cotton and cotton textiles in former textile importing areas,

in many countries, concern is felt by governments for the welfare of their cotton textile industries and they are anxious to avoid any threat to the level of production and employment in these industries,

policies of member governments regarding cotton production, consumption and disposal of cotton surpluses are important to all countries in which cotton is produced and consumed,

the price of United States cotton, which is supported by United States price support operations, significantly influences the prices of all other American type growths produced elsewhere,"

the Committee drew attention to "the following important considerations:

▶Economic development and technological progress have been important in bringing about a larger world production of cotton than is being consumed.

▶The present level of cotton prices, which is affected by government price support levels, has also contributed to this excess production.

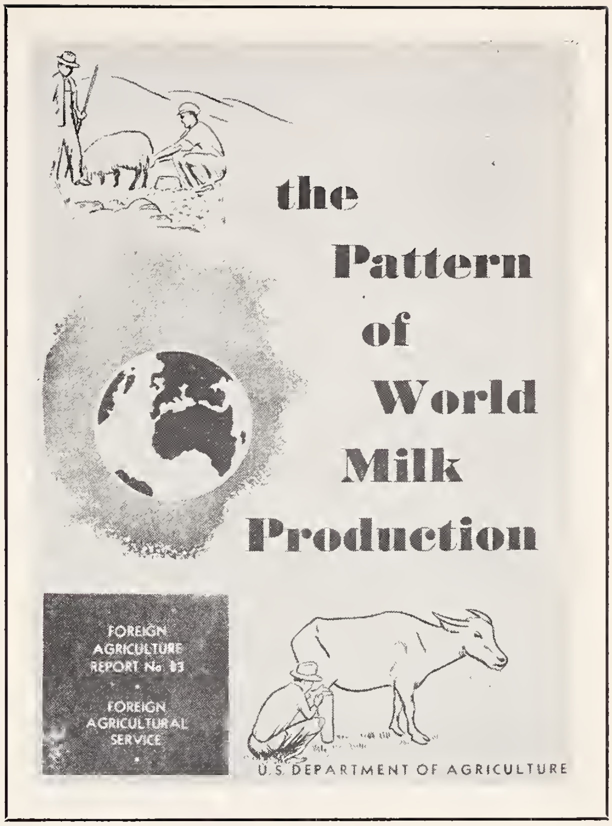
▶The price of cotton, as well as currency shortages and other factors, have increased the tendency to expand the production of synthetic fibers as part of a movement towards selfsufficiency.

▶In those countries in which cotton production represents a large proportion of national income and foreign exchange earnings, maintenance of reasonable prices to producers is essential to a sound economy.

▶Sound programs for research, efficient production and effective sales promotion will make an important contribution toward solving the problems.

▶It is recognized that the problems presented by overproduction, accumulated surpluses and underconsumption are complex and require full examination. Furthermore, anxiety exists regarding possibilities of changes in American cotton export programs. This is adversely affecting trade in raw cotton and cotton textiles and if this uncertainty continues or recurs, further deterioration is feared.

▶It is further recognized that these matters raise complex issues of government policy and that the policy of the United States Government in regard to its export program is a matter for the United States Government itself to decide. The Committee therefore invites the sympathetic attention not only of the United States but of other governments to the points which have emerged from the Committee's discussions in Paris."



the
Pattern
of
World
Milk
Production

FOREIGN AGRICULTURE REPORT No. 83

FOREIGN AGRICULTURAL SERVICE

U.S. DEPARTMENT OF AGRICULTURE

New FAS Release On World Agriculture

Even in a world where some countries are beset by dairy surpluses, many areas are still producing and consuming milk at levels far below their nutritional needs. This is one of the conclusions reached by Terrence W. McCabe in The Pattern of World Milk Production, recently released by the United States Department of Agriculture's Foreign Agricultural Service as Foreign Agriculture Report No. 83.

Using milk production estimates for 1953 for more than 140 countries and territories, the author shows how in general the pattern of world milk production follows the temperate zones. His estimate of world output includes milk for human consumption from all dairy animals; and it shows that even if world milk supply could be distributed equitably among world popuation, production would have to be 60 percent above that of 1953 in order to meet nutritional needs.

(Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Price, 15¢.)

U. S. Ghee: A New P
For a New Market

by

For the first time in its history the United States butter industry is trying to tailor a product exclusively for the export trade. It is making butter into ghee, a fat that has long been favored in the cookery of India, Pakistan, and other countries of the East. And when the International Industries Fair opens in Karachi, Pakistan, on September 2, visitors will see a display of ghee whose claim to novelty will be simply this: it was made in the U. S. A.

As a product for sale in the East, ghee has a tremendous advantage over butter: it keeps for weeks in hot tropical climates, even without refrigeration. It is made by boiling away practically all the moisture from butter—butter from either cow's milk or buffalo milk—and then draining off the clear floating milk fat. The slow cooling process that this fat subsequently undergoes gives it the granular consistency that is one of its chief and prized characteristics. High-quality ghee has a pleasant odor and flavor, without rancidity or taints.

Demand for ghee is high in the East. In Bombay, for instance, at least 40,000 to 50,000 pounds are bought every day of the year; in the summer, as many as 60,000. In Calcutta the average is about 40,000 pounds. A shortage usually develops throughout India in the summer, from April through October; and in some areas, such as in and around Calcutta, the supply has a rather hard time the year around to keep up with the demand. Pure cow ghee is highly prized by Calcuttans but difficult to obtain locally. Wholesale prices in India are usually about 50 to 55 cents a pound.

This good market for ghee, which at times is in particular need of suppliers, has recently been attracting the attention of dairy countries like the United States. Hitherto the East has not been a substantial outlet for dairy products: its low income sharply limits purchases of milk and milk products; butter is difficult to keep in the heat; and cheese is practically unknown as a staple food.

Now that we have come to recognize the possibilities for marketing ghee in that part of the world, we are facing up to the job of making a product that Easterners will like, one that will meet the many subtle requirements set up by years of use and habit. The job is complicated by the fact that different areas prefer different kinds of

Left, an Indian woman lifts the wooden rotary beater from a
Right, busy making ghee, she waits for the simmering butter to re

Left, a worker in a commercial ghee plant in India stirs the n
the author's benefit only, not as a part of the usual proces

Mr. Burgwald is Marketing Specialist, Dairy and Poultry Division, FAS.

uct

RGWALD

commonly used in her community in making butter for ghee. where all moisture has evaporated and the scum on top breaks.

right, the temperature of the boiling butter is taken, but for judges for himself, by eye, the length of the boiling time.

ghee. Calcutta and Madras want theirs cooked at high heat, close to 120° C. (248° F.); Bombay wants a lower temperature, something under 110° C. (230° F.). Calcutta and Madras like cow ghee; Bombay shows a preference for the buffalo type. There is no set formula for manufacture: most ghee is made by individual farmers and villagers; even in the commercial plants no uniform cooking temperature is used.

The Foreign Agricultural Service has made a considerable study of Indian ghee-manufacturing methods. The information obtained has been made available to the dairy industry, and this spring U. S. producers made their first batches of ghee—some high-heat, some low-heat—and sent samples to Indian merchants for appraisal. In Bombay the merchants preferred the low-heat samples and criticized the high-heat as being overcooked. In Calcutta they preferred the high-heat and called the others "raw." The chief objection to the samples at first was that they lacked "grain"; but, as the days went by, the grain developed, apparently because the samples had melted under unusual heat in India and had then cooled slowly.

Thus far, about 30 United States firms have expressed an interest in making ghee for the Eastern markets. The conclusion they have reached is hopeful: If they can turn out a product that Indians and Pakistanis and others will consider good, and if it is merchandised in a way that suits Eastern conditions and preferences, then United States producers may well be assured of a share in the long-range market for ghee. And that will mean a new, though slightly devious, outlet for the extra butter that is made in the United States every year.

All in all, the reception that U. S. ghee samples have received in Pakistan and India indicates that a satisfactory product can be prepared in the United States. Already arrangements have been made by which Pakistan will buy 2 million dollars' worth; by similar arrangements India, too, may soon be receiving an initial shipment.

In the meanwhile the effort goes on to make an exact duplicate of the finest Eastern product and to make its availability known. It is as part of this effort that U. S. manufacturers are continuing their study of Eastern methods and preferences and, with the cooperation of the U. S. Department of Commerce and the U. S. Department of Agriculture, are displaying their samples this month at Karachi.

U. S. Ghee: A New duct For a New Market

by BURGWALD

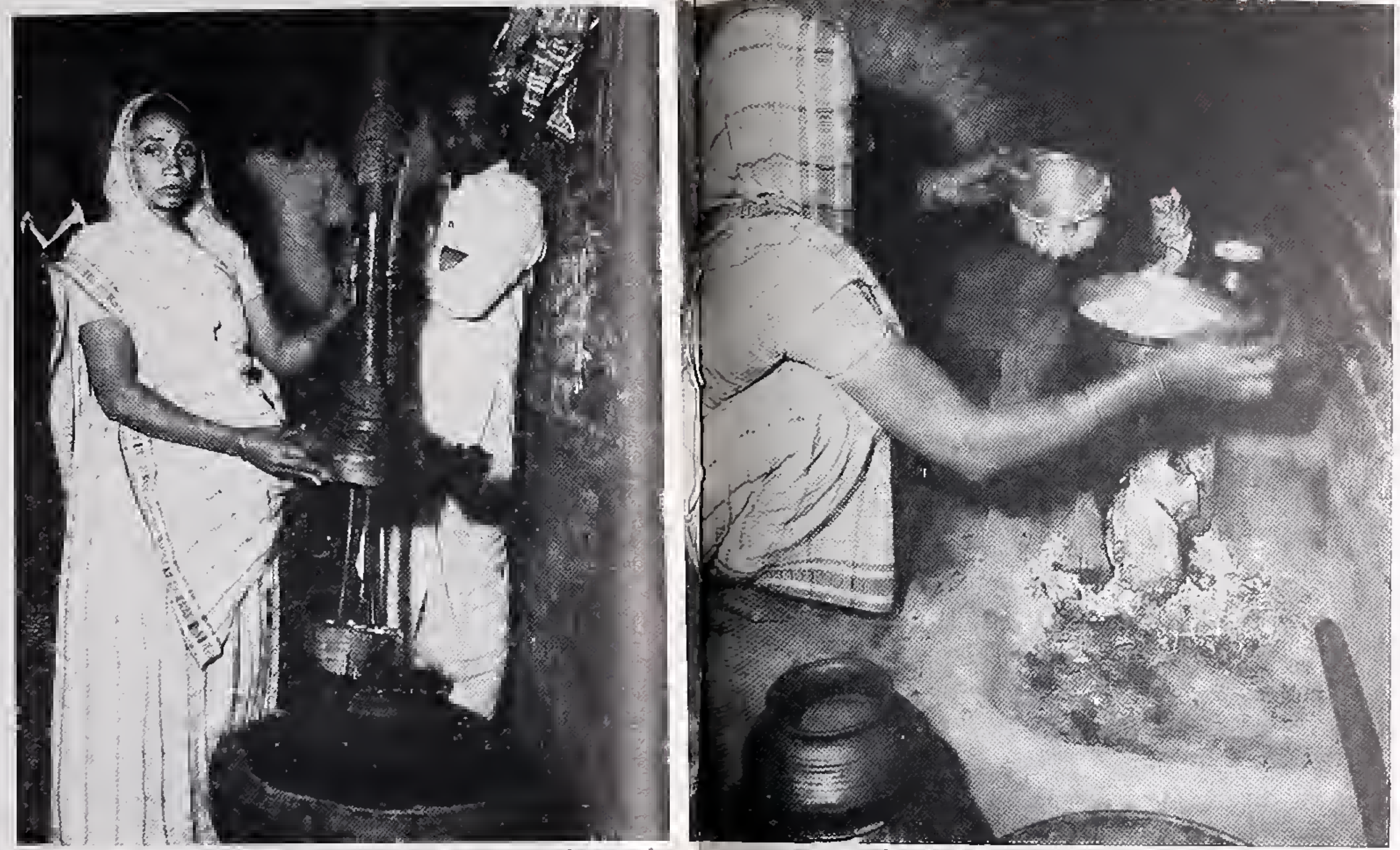
For the first time in its history the United States butter industry is trying to tailor a product exclusively for the export trade. It is making butter into ghee, a fat that has long been favored in the cookery of India, Pakistan, and other countries of the East. And when the International Industries Fair opens in Karachi, Pakistan, on September 2, visitors will see a display of ghee whose claim to novelty will be simply this: it was made in the U. S. A.

As a product for sale in the East, ghee has a tremendous advantage over butter: it keeps for weeks in hot tropical climates, even without refrigeration. It is made by boiling away practically all the moisture from butter—butter from either cow's milk or buffalo milk—and then draining off the clear floating milk fat. The slow cooling process that this fat subsequently undergoes gives it the granular consistency that is one of its chief and prized characteristics. High-quality ghee has a pleasant odor and flavor, without rancidity or taints.

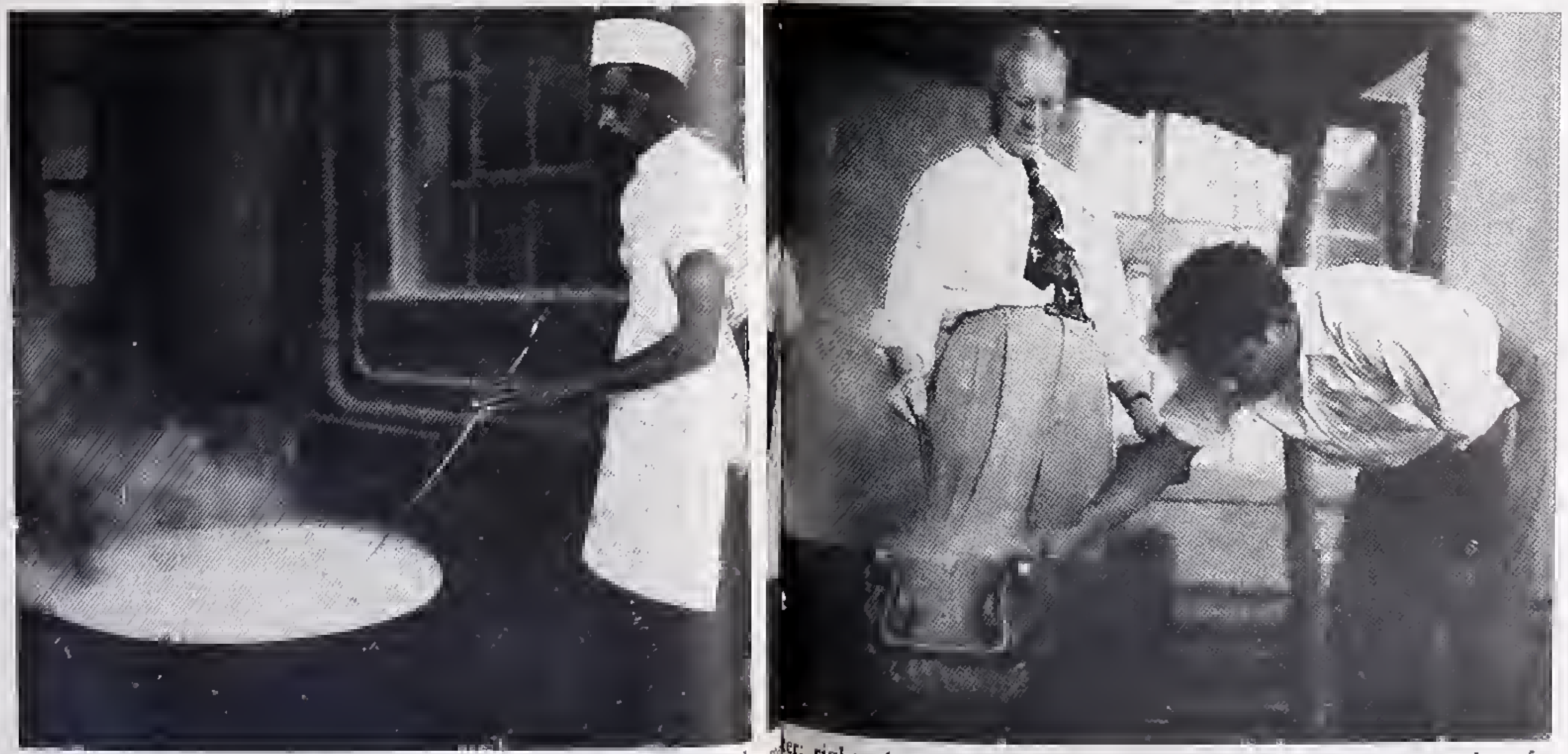
Demand for ghee is high in the East. In Bombay, for instance, at least 40,000 to 50,000 pounds are bought every day of the year; in the summer, as many as 60,000. In Calcutta the average is about 40,000 pounds. A shortage usually develops throughout India in the summer, from April through October; and in some areas, such as in and around Calcutta, the supply has a rather hard time the year around to keep up with the demand. Pure cow ghee is highly prized by Calcuttans but difficult to obtain locally. Wholesale prices in India are usually about 50 to 55 cents a pound.

This good market for ghee, which at times is in particular need of suppliers, has recently been attracting the attention of dairy countries like the United States. Hitherto the East has not been a substantial outlet for dairy products: its low income sharply limits purchases of milk and milk products; butter is difficult to keep in the heat; and cheese is practically unknown as a staple food.

Now that we have come to recognize the possibilities for marketing ghee in that part of the world, we are facing up to the job of making a product that Easterners will like, one that will meet the many subtle requirements set up by years of use and habit. The job is complicated by the fact that different areas prefer different kinds of ghee. Calcutta and Madras want theirs cooked at high heat, close to 120° C. (248° F.); Bombay wants a lower temperature, something under 110° C. (230° F.). Calcutta and Madras like cow ghee; Bombay shows a preference for the buffalo type. There is no set formula for manufacture: most ghee is made by individual farmers and villagers; even in the commercial plants no uniform cooking temperature is used.



Left, an Indian woman lifts the wooden rotary beater from rn commonly used in her community in making butter for ghee. Right, busy making ghee, she waits for the simmering butter to int where all moisture has evaporated and the scum on top breaks.



Left, a worker in a commercial ghee plant in India stirs the ter; right, the temperature of the boiling butter is taken, but for the author's benefit only, not as a part of the usual proces ker judges for himself, by eye, the length of the boiling time.

The Foreign Agricultural Service has made a considerable study of Indian ghee-manufacturing methods. The information obtained has been made available to the dairy industry, and this spring U. S. producers made their first batches of ghee—some high-heat, some low-heat—and sent samples to Indian merchants for appraisal. In Bombay the merchants preferred the low-heat samples and criticized the high-heat as being overcooked. In Calcutta they preferred the high-heat and called the others "raw." The chief objection to the samples at first was that they lacked "grain"; but, as the days went by, the grain developed, apparently because the samples had melted under unusual heat in India and had then cooled slowly.

Thus far, about 30 United States firms have expressed an interest in making ghee for the Eastern markets. The conclusion they have reached is hopeful: If they can turn out a product that Indians and Pakistanis and others will consider good, and if it is merchandised in a way that suits Eastern conditions and preferences, then United States producers may well be assured of a share in the long-range market for ghee. And that will mean a new, though slightly devious, outlet for the extra butter that is made in the United States every year.

All in all, the reception that U. S. ghee samples have received in Pakistan and India indicates that a satisfactory product can be prepared in the United States. Already arrangements have been made by which Pakistan will buy 2 million dollars' worth; by similar arrangements India, too, may soon be receiving an initial shipment.

In the meanwhile the effort goes on to make an exact duplicate of the finest Eastern product and to make its availability known. It is as part of this effort that U. S. manufacturers are continuing their study of Eastern methods and preferences and, with the cooperation of the U. S. Department of Commerce and the U. S. Department of Agriculture, are displaying their samples this month at Karachi.

Mr. Burgwald is Marketing Specialist, Dairy and Poultry Division, FAS.

Germany Passes Parity Law For Agriculture*

In July 1955 both houses of the German legislature passed a law designed to give German farmers a better chance for income parity with other groups in the country's economy. In April 1955 the draft of the law had been unanimously approved by the Parliamentary Committee on Parity Laws after 9 months of deliberation, and on June 29 it had been approved by the Nutrition Committee of the lower house of the legislature.

The idea of legislation to achieve parity for agricultural incomes has been undergoing considerable discussion in Germany for the past 2 years, in both agricultural circles and others. The present law deviates considerably from the original, and more extravagant, ideas put forth by the German farmers' organization regarding the possibility of bringing about parity of incomes in agriculture with incomes in other segments of the economy.

The execution of the law is to be based upon annual reviews of returns and expenditure in agriculture. Such reviews are not to use estimates for agriculture in general, but are to use the results on farms that operate under average conditions of production and reasonably good management and are at least large enough to support a family.

The law obligates the Government in several ways.

First, the Government is to orient its general and economic policy—especially its policy on trade, taxation, credit, and prices—toward mitigating the natural disadvantages in competition that are peculiar to agriculture. Such mitigation is to be directed especially toward facilitating increases in agricultural productivity.

Second, at the close of each fiscal year the Minister of Agriculture is to determine for that year the returns and expenditures of farms in the various size groups, farm types, and economic districts. This determination is to be based upon bookkeeping results from 6,000 to 8,000 individual farms and upon the generally available economic statistics and index comparisons.

Third, the Government is to report to Parliament by February 15 of each year on the state of agriculture. This report is to indicate (1) how the wages in agriculture, both for family and for non-family workers, compare with the wages paid in other segments of the economy, (2) to what extent adequate compensation accrues to the managers of farms, and (3) what return accrues to capital invested in agriculture.

Fourth, if this report to Parliament presents the agricultural situation as requiring assistance and adjustment, the Government is to indicate what kind of measures it has taken or what measures it contemplates taking. These measures should be such that they would assist types of farm management most likely to increase productivity.

Fifth, the Government is to see to it that provision is made in the budget for such expenditures as may become necessary to carry out the measures it proposes to take.

The significance of this legislation is not easy to evaluate. There is no doubt, however, that it would strengthen the hand of any government determined to step up agricultural protection. Also, it clearly would not force into serious restrictionism a government inclined toward liberalist views on international trade and economic welfare —like those expressed in the policies of Economic Minister Erhardt, for example—but would permit such a government to emphasize aids to productivity. The law implies that parity for agriculture, in the sense of parity income with other segments of the economy, can be only a *goal,* to be gradually approached as productivity rises in the years to come.

In any case, Germany has added weapons to its arsenal of policy that need not, but might, be used to increase the country's self-sufficiency in farm products. It is also interesting to note that the German farm community, like farm communities everywhere, is more and more conscious of the desire of the younger generation for amenities and incomes comparable to those enjoyed by the city dweller. The commentary of the economist, of course, is that such parity cannot be brought about or sustained by protection alone; only real increases in productivity are reliable aids to this end.

---

* Prepared in the European Analysis Branch, FAS.

U. S. Breeding Stock Moves to Foreign Pastures

(Continued from page 178)

In Nicaragua, the Instituto Nacional de Fomento has begun a program of purchasing Brahman cattle for resale to Nicaraguan farmers and ranchers.

Among the problems in setting up a livestock improvement program is the handling and transportation of the selected stock. Of course, there must first be a clear understanding as to the utilization of the stock and the kind of care and management that will bring the fullest benefit from its productivity. Then buyer and seller should work together on the details of the journey. They need to consult on such points as the means of transportation, the loading and unloading facilities, the areas through which the animals must pass, the attention needed en route, the number and location of resting points, and the shelter and feed required immediately after arrival.

Whatever we do, livestock shipped for long distances always arrives somewhat run down. But certain principles apply to any shipment of breeding stock. Do not start the animals off too fat; provide timothy hay and clean water, but do not overfeed en route; and on long rail or truck trips, unload at intervals for exercise and rest.

Breeding cattle are difficult to transport long distances. Transportation is more costly by air than by boat, rail, or truck, but keeps mortality and disease rates low. Young animals are easier to handle than older ones. Ideal shipping times are early fall and spring. Sheep and goats, oddly enough, are harder to handle on long trips than cattle are. They should not be shipped in hot weather, and are apt to pick up contagion in areas that are hosts to little-known diseases.

These U. S. dairy goats are resting at the Turkish border, before crossing to their destination in Iran.

Marketing Standards

Marketing standards, controlled by the breeding associations, would help to maintain and expand the demand for our breeding stock.

So that the prospective buyer may be confident of his choice, animals for export might well be accompanied by complete information on their health and condition; on their production records; on their parentage and breeders; on their characteristics; and on where other animals of the breed have been exported, and how they and their crosses are doing. Our breeding associations might furnish to United States Government representatives abroad the location of breeders in the United States, the availability of various breeds for export, and the cost of transportation and handling to the nearest port or airport. For there is every indication that the future demand on our breeding stock will be great, and we must be ready with answers when questions are asked.

United States exports of sheep and lambs for breeding

Country of destination	*1946*	*1947*	*1948*	*1949*	*1950*	*1951*	*1952*	*1953*	*1954*
Canada	17	62	184	103	28	84	7	3,536	9,745
Mexico	10,053	1,243	600	1,088	865	479	4,830	30,118	1,058
Guatemala	744	29	75	14	12	—	—	79	12
Colombia	—	—	3	—	4	105	—	—	5
Venezuela	—	60	—	—	986	—	—	6	53
Ecuador	12	25	6	76	537	370	82	—	542
Peru	51	—	—	—	12	—	258	105	118
Iran	—	—	—	—	—	—	1,075	—	—
All other	60	240	78	21	73	49	51	44	56
Total	10,937	1,659	946	1,302	2,517	1,087	6,303	33,888	11,589

Mexico Grows More Cotton and Wheat with Expanded Irrigation*

The rapid increase in Mexico's irrigated area since 1950 has had striking effects both north and south of the border. To Mexico, it has meant more cotton for export, and—for the first time—nearly enough wheat to meet its needs. To the United States, it has meant the appearance of a lively competitor in the world cotton market, and perhaps the eventual disappearance of a valued wheat customer.

It is estimated that Mexico grows practically all its cotton and most of its wheat on irrigated land. These two crops together account for more than half the total irrigated area. The Mexican Government nearly doubled that area in the past 25 years, and between 1950 and 1955 alone, brought it up from about 6,030,000 acres to about 7,660,000.

Of this latest increase, about four-fifths was in cotton and wheat alone. As a result, output of cotton jumped from 1,151,000 bales in 1950 to an estimated 2,050,000 in 1955, and that of wheat, from 587,000 metric tons to about 800,000. Exports of cotton increased sharply. But imports of wheat—all from the United States—dropped from an average of 410,000 tons in 1950-52 to less than 10,000 tons in January-April 1955.

Cotton—Mexico's principal export—occupies nearly a third of all irrigated land and about two-thirds of what has been added in the last 5 years. More than four-fifths of the 1955 cotton crop is destined for export and will compete directly with U. S. cotton exports. Already Mexico has found a secure place in the world's largest market for raw cotton—Japan. Here the United States is still the largest supplier, but by 1954 Mexico was the second largest. In that year Japan bought 472,000 bales of Mexican cotton, compared with only 16,000 in 1934-36. And in the first 3 months of 1955, Japan was buying Mexican cotton at a rate that could lead to a total of 510,000 bales by the end of the year, assuming no decrease. Uncertainties everywhere about what the U. S. price would be

Classification and use of tillable land in Mexico, 1930, 1940, 1950, and 1955

[In thousands of acres]

Item	*1930*	*1940*	*1950*	*1955*[1]
Classification of tillable land:				
Dry (seasonal rains)	27,164	28,473	39,662	39,907
Humid	2,938	1,893	1,673	1,779
Irrigated	3,951	4,280	6,029	7,660
Other[2]	2,068	2,100	2,083	2,051
Total tillable land	36,121	36,746	49,447	51,397
Use of tillable land:				
Fallow	18,399	15,308	22,498	23,227
Planted:				
Harvested	14,559	16,402	21,332	23,227
Crop failure	3,064	3,047	3,682	2,966
Total planted	17,623	19,449	25,014	26,193
Other[2]	99	1,989	1,935	1,977
Total tillable land	36,121	36,746	49,447	51,397

Source: Official statistics, except as noted. [1] Estimated by American Embassy, Mexico. [2] Includes orchards, agave, etc.

---

* Article based on reports from Paul G. Minneman, former Counselor for Agricultural Affairs, American Embassy, Mexico, D. F.

after July gave Mexican exporters an opportunity of which they took good advantage. In early July they were offering their cotton to German importers with a contract clause providing that if the United States introduced an export subsidy on cotton their price would be lowered to the same extent.

On most exports the government levies an export tax. In 1954, this tax was increased to offset part of the unearned advantage that exporters received when the peso was devalued by 45 percent on April 19 of that year. Until prices and production costs rose enough to equal the amount of the devaluation minus the increase in export tax, producers of most export goods still had a temporary advantage. Cotton growers, however, felt the pinch of increased costs as early as July 1954. In response to their protests, the government reduced the export tax on cotton from 27.54 percent to 22.44. And a further cut is possible at any time.

Like cotton production, wheat production has risen sharply with the increase in irrigated area. Wheat accounts for about a fifth of all the irrigated land, and for close to a sixth of the land added since 1950. The increase in wheat acreage since 1950—all on the new land—has been 16 percent. But in wheat production, irrigation has brought a 36-percent increase during these years—both directly and because it makes possible the use of advanced methods that were not practicable on the unirrigated wheat land.

As a result of this production jump, Mexico has become about 90 percent self-sufficient in wheat. Normally a heavy importer, it is one of the importing countries in the International Wheat Agreement. But this year it found itself committed to an import quota far beyond its needs. However, another importing country of the Agreement, the Netherlands, found its import quota too small. Therefore, with the Wheat Council's approval, Mexico agreed to transfer to the Netherlands 150,000 tons of its quota for the crop year 1954-55.

United States wheat growers view the Mexican wheat picture with interest and concern, for wheat has traditionally been our most important agricultural export to Mexico, and shipments have declined steadily from 1953 on. Mexico imports wheat only through the government agency CEIMSA (Compañía Exportadora y Importadora Mexicana, S. A.), which pays no duties. Commercial wheat importers cannot afford to pay the U. S. price plus duty, transportation, and cost of

Estimated use of irrigated land in Mexico, 1955

[In thousands of acres]

Crop	*Total area*	*Area irrigated*	*Percent irrigated*	*Percent of total irrigated area*
Cotton	2,718	2,471	91	32
Wheat	1,828	1,581	86	21
Corn	10,872	1,186	11	15
Sugarcane	581	432	74	6
Beans	2,471	297	12	4
Rice	222	198	89	3
Alfalfa	161	153	95	2
Tomatoes	148	99	67	1
Potatoes	99	74	75	1
Other	4,127	1,169	28	15
Total	23,227	7,660	33	100

Source: American Embassy, Mexico.

Production of principal crops, average 1948-52, estimated annual 1953 and 1954

[In thousands of metric tons]

Crop	*Production*			*Percentage of crop exported (+) or of requirements imported (–)*		
	Average 1948-52	*1953*	*1954*[1]	*Average 1948-52*	*1953*	*1954*[1]
Cotton[2]	1,036	1,210	1,777	+70	+79	+77
Wheat	534	671	825	–40	–27	–8
Corn	3,090	3,200	3,600	–2	–10	–4
Beans	[1]212	200	240	–6	–19	–5
Rice, rough	173	150	165	+17	0	0

Source: Official statistics, except as noted. [1] Estimated by American Embassy, Mexico. [2] 1,000 bales of 500 pounds gross.

Much of Mexico's wheat grows on irrigated land. The increase in that land since 1950 has meant a striking improvement in wheat yield and production, and Mexico now needs to import much less wheat than before.

merchandising, and still meet the Mexican ceiling price of flour.

The total crop area of Mexico increased by about 1.9 million acres from 1950 to 1955. At the same time, the irrigated area increased by about 1.6 million acres. However, part of the newly irrigated area had previously been growing some crops; therefore, only about 60 percent of the total increase in crop area was land newly brought into production by irrigation. More land is being added to the irrigated area every year, and as much as 2.2 million acres may come into production by 1960. For this new land, however, cotton and food crops —including wheat—are rivals. Cotton is much the most profitable crop in northern Mexico. And so long as export markets are available, farmers will plant it. If they do so on half the new land expected in the next 5 years, Mexico's cotton crop might conceivably rise by nearly 50 percent, to about 3 million bales. An increase of only half this size seems readily possible.

Meanwhile, it is also true that the government would like to expand wheat production so as to eliminate wheat imports altogether. Complete self-sufficiency is not yet quite possible. Stocks at the beginning of the 1955 spring harvest were very low, and the 1955 crop is forecast at only about 800,000 to 825,000 metric tons, with consumption running at about 950,000 tons. At least 125,000 tons probably will have to be imported before March 1, 1956. And for stocks to be at a comfortable level next winter, imports may have to reach 200,000 tons.

The long-range Mexican market for U. S. wheat may depend on whether Mexico can increase its own production another 15 percent. The use of about 250,000 more acres of irrigated land for wheat could accomplish this objective, probably within the next few years, and perhaps even provide an export surplus. But some government ruling on the use of irrigated land may be necessary to assure its being planted to wheat instead of cotton. Other food crops too may require some of this additional space since domestic consumption of corn, beans, potatoes, and alfalfa is rising. Thus, future competition between Mexican and U. S. cotton and future wheat trade between the United States and Mexico may both depend on the Mexican Government's decision as to the best use of irrigated land.

Italy as a Market for U. S. Farm Products

(Continued from page 176)

basis for tariff negotiations under GATT; it has not been made effective as yet. The "temporary" schedule at present in effect has relatively moderate rates.

Imports of agricultural products from the dollar area and all other areas outside the OEEC group (countries belonging to the Organization for European Economic Cooperation and their overseas territories) are subject to quantitative restrictions and require an import license, except for a few minor products. In general a license for imports from the dollar area is granted only when the item cannot be obtained in Italy or from OEEC countries and is considered a "necessary" import. Exceptions to the first of these criteria may be made if the prices in Italy or the OEEC area are considered "unreasonably" out of line with the dollar price. Licenses for dollar imports are also more difficult to obtain if the product concerned is included in any of Italy's numerous bilateral trade agreements and global compensation agreements. Oilcake and meal are the only agricultural products of any significance that can be freely imported from the dollar area.

There are no quantitative restrictions on most imports from OEEC countries and their overseas territories. Exceptions in the agricultural class are milk and cream; wine (including grape must); and wheat and tobacco, both imported only on government account. This general policy of allowing unrestricted imports of most goods from OEEC countries was initiated when Italy had a substantial cumulative credit balance with EPU. The policy has been maintained despite the fact that Italy now has a large cumulative deficit with EPU instead, and despite considerable pressure from domestic groups for controls on the importation of certain items such as meat and dairy products.

U. S. Share in Italian Imports

Italy's main food import requirements, in terms of value, are wheat, coffee, meat (including live animals), fish, dairy products, and fats and oils. Industrial fats and oils also are important, inedible tallow in particular. A very large part of Italy's agricultural imports consists of raw cotton and wool for the textile industry. In 1952-54, agricultural products averaged about one-third of total imports, in terms of value.

Imports from the United States accounted for about one-sixth of Italy's total agricultural imports during 1952-54: 25 percent in 1952, 15 percent in 1953, and 9 percent in 1954. Of Italy's agricultural imports from the United States, cotton is by far the largest, accounting for 61 percent of them in 1952-54. The next largest are wheat (23 percent) and inedible tallow (6 percent). Italy's only other significant agricultural imports from the United States are soybean oil, corn, tobacco, cattle hides, and prunes. In all, agricultural imports represented 36 percent of total Italian imports from the United States in 1952-54.

Italy's imports of nonagricultural products from the United States—nearly a sixth of its total nonagricultural imports in 1952-54—are primarily coal, copper (including alloys and scrap), machinery and parts, and other manufactured products.

Cotton. The chief cause of the decline in Italy's purchases of U. S. cotton in recent years has been the inability of Italian importers to obtain the necessary dollar licenses. Italy's dollar shortage is not a new situation, but it had much less effect in earlier postwar years, when U. S. aid funds available for cotton purchases were more abundant. A decline in consumption by Italian textile mills, due to their decreasing textile exports, played a less important role; for purchases of U. S. cotton have declined percentagewise much more than total cotton purchases. Too, at times the price of U. S. cotton was not competitive with that of other growths.

During the crop year 1954-55, a large part of U. S. sales of cotton to Italy have again been made with special financing, under Public Laws 665 and 480. Cotton imports from other countries, chiefly under trade agreements, will continue to be large, or will even increase, unless Italy liberalizes dollar cotton imports or the United States sells large amounts to Italy under special programs such as Public Law 480. In 1954, for example, despite the fact that purchases from the United States were made chiefly with U. S. aid funds, only 35 percent of the total tonnage of cotton imports came from the United States, as compared with 63 percent in 1949-52 and 59 percent in 1934-38. In order of importance, the other chief suppliers of cotton to Italy in 1954 were Brazil, Egypt, Turkey, Pakistan, and the USSR. All have bilateral trade agreements with Italy.

If cotton imports from the United States were liberalized, and if our prices were competitive, there is little doubt that U. S. cotton would stand a good chance of regaining its traditional proportion of the Italian market, in view of the widespread preference for it.

Grain. Italian grain imports consist chiefly of wheat. Wheat imports from the United States—largely procurements under U. S. aid programs—have accounted for a substantial proportion of the total during the entire postwar period. As a factor in the decline of Italy's purchases from us, the cuts in American aid have been less important for wheat than for cotton. More important is the fact that Italy's total demand for wheat imports has declined from earlier postwar years as a result of its higher domestic production. The commitments Italy has under its trade agreements with Argentina and Turkey, the fact that its shortages are partly of durum wheat, of which the United States does not have a surplus, and its desire to procure wheat from the USSR when possible, so as to reduce that country's trade deficit with Italy—all these are additional factors making the outlook for U. S. wheat exports to Italy unfavorable except in poor crop years. Although the crop was poor in 1954, Italian stocks were high, and imports consequently were small.

The only other U. S. grain exports to Italy that are ever of substantial importance are those of corn. For the Italian corn market, Argentina is our greatest competitor. Italy sometimes imports sizable quantities of other secondary grains that compete with corn; for this market we have many competitors, chiefly soft-currency countries. Unless Italy liberalizes its dollar imports of corn, we can probably export corn to Italy only under special programs, or in the event of inadequate supplies from other countries.

Fats and oils. The United States is Italy's major supplier of inedible tallow and generally of soybean oil also. Italy's imports of cottonseed oil are very small, and the United States is not one of its suppliers. In the Italian inedible tallow market, New Zealand and Australia are the major U. S. competitors. But recently their competition has been negligible. The increased popularity of synthetic detergents is making some inroads into soap production. Nonetheless, our prospects for continued exports of inedible tallow are believed good, all the more since Italy has recently partially liberalized dollar imports of this commodity. The practical disappearance of the Italian market for U. S. soybeans and soybean oil since 1953 is due to the fact that dollar licenses are not being granted for these products. However, the government has nearly liquidated its stockpile of vegetable oils, which may open the way for U. S. soybeans and soybean oil and possibly for linseed and linseed oil, especially if a Public Law 480 program can be developed.

Tobacco. The Italian State Monopoly, under the supervision of the Ministry of Finance, handles the importation of leaf tobacco. Imports of U. S. tobaccos have fluctuated in accordance with the need for supplies of cigarette leaf to supplement domestic production. Italy uses U. S. cigarette leaf primarily for blending, in the manufacture of high-quality American-type blended cigarettes. Italy also needs fairly constant amounts of quality U. S. fire-cured leaf for use as cigar wrappers. But there is little possibility of substantially larger tobacco sales to Italy, except under special programs. Tobacco was included in the Public Law 480 (Title I) agreement with Italy of May 1955.

Prunes. Italian imports of U. S. prunes have been substantial in some years, representing a large proportion of total Italian prune imports. But in 1954, though total Italian prune imports were con-

United States share in Italy's imports of agricultural products, 1952-54

[In millions of dollars]

Commodity	*1952*			*1953*			*1954*[1]		
	Imports from all countries (value)	*Imports from the United States*		*Imports from all countries (value)*	*Imports from the United States*		*Imports from all countries (value)*	*Imports from the United States*	
		Value	*Percent of imports from all countries*		*Value*	*Percent of imports from all countries*		*Value*	*Percent of imports from all countries*
Total imports	2,335.6	492.0	21	2,395.1	324.5	14	2,401.0	291.5	12
Nonagricultural	1,499.2	285.7	19	1,537.7	198.4	13	1,663.4	228.1	14
Agricultural	836.4	206.3	25	857.4	126.1	15	737.6	63.4	9
Cotton, unmanufactured	219.5	133.4	61	133.3	57.9	43	142.0	49.2	35
Grains and preparations	137.8	55.9	41	146.8	45.4	31	44.4	1.2	3
Wheat and wheat flour	130.9	55.6	42	113.4	33.7	30	23.8	1.0	4
Fats, oils, and oilseeds[2]	60.8	13.2	22	73.7	17.2	23	58.0	9.8	17
Inedible tallow	10.3	8.2	80	8.1	5.7	70	10.2	9.5	93
Soybeans and soybean oil	3.0	1.9	63	10.9	9.8	90	.9	.1	11
Fruit, nuts, and vegetables	22.0	1.3	6	26.1	.6	2	22.5	.1	(3)
Dried prunes	1.1	1.0	87	.4	.3	70	.7	—	—
Tobacco, unmanufactured	2.1	—	—	10.3	2.5	24	8.2	1.0	12
Hides and skins	37.4	1.0	3	33.2	1.3	4	29.9	1.1	4
Other agricultural products	356.8	1.5	(3)	434.0	1.2	(3)	432.6	1.0	(3)

Source: Compiled from *Statistica Annuale del Commercio con l'Estero*, 1952 and 1953, and *Statistica del Commercio con l'Estero*, December 1954.

[1] Preliminary. [2] Excluding butter. [3] Less than 0.5 percent.